

Message Text

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ACTION TRSE-00

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TAGS: EFIN WZ

SUBJECT: IMF/WORLD BANK ANNUAL MEETING

REF: STATE 203590

1. HERewith, ON BASIS OF CONVERSATION WITH PERMANENT SECRETARY FOR PLANNING, ARE RESPONSES KEYED TO PARA 2 REFTEL:

A. PERMSEC SAID OPENING ADDRESS BY AFRICAN REGIONAL SPOKESMAN WOULD INCLUDE STRONG STATEMENT OF AFRICAN CONCERN (TO BE SUPPLIED BY GOS) ABOUT U.S. VOTE AGAINST IFC SUPPORT FOR SWAZILAND'S THIRD SUGAR PROJECT. PERMSEC SAID GOS STILL SMARTING FROM THIS USG ACTION. HE ADDED THAT SWAZILAND WANTED CLARIFICATION OF USG ATTITUDE TOWARD IFC, WHICH HAD BECOME AN ESPECIALLY IMPORTANT INSTITUTION TO GOS AFTER SWAZILAND CEASED TO BE ELIGIBLE FOR CONCESSIONAL IDA ASSISTANCE. HE CONCLUDED THAT A THEME RUNNING THROUGH MANY THIRD WORLD DELEGATIONS' REMARKS AT ANNUAL MEETING WOULD BE THAT OF MONETARY REFORM, PARTICULARLY IN LIGHT OF SLIDE IN VALUE OF DOLLAR, WHICH WAS CRUCIAL ISSUE TO DEVELOPING COUNTRIES.

B. PERMSEC COULD NOT IDENTIFY ANY MAJOR ISSUES

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THAT SWAZIDEL WOULD RAISE WITH USDEL.

C. USDEL SHOULD CONSIDER RAISING FOLLOWING POINTS WITH SWAZIDEL SHOULD THE OPPORTUNITY PERMIT:

A. DONOR COORDINATION. THE ESTABLISHMENT OF THE PLANNING OFFICE (NXUMALO HEADS) IN THE PRIME MINISTER'S OFFICE PROVIDES AN OPPORTUNITY TO BRING ABOUT A MORE STRUCTURED COORDINATION AMONG FOREIGN

DONOR EFFORTS. DOES THE SWAZIDEL SEE THIS HAPPENING?

2. INCOME DISTRIBUTION. THE LACK OF INCOME DISTRIBUTION FIGURES MAKES IT DIFFICULT FOR THE DONORS TO ACCEPT THE GOS ARGUMENT THAT CONCESSIONAL AID SHOULD BE EXPANDED TO GOS "BECAUSE FOREIGN DOMINATED MODERN SECTOR SKEWS PER CAPITA INCOME REALITIES." WHAT IS GOS DOING TO CREATE INCOME DISTRIBUTION FIGURES AND REDUCE THE INCOME DISTRIBUTION GAP?

3. GOS IS DRAWING ON ITS SIGNIFICANT RESERVES AND THAT SHOULD BE CONGRATULATED BY USDEL WITH RESERVE SINCE THE RESERVES ARE BEING APPLIED TO CAPITAL INTENSIVE PROJECTS.

D. USDEL SHOULD BE AWARE THAT U.S. MISSION HAS BEEN URGING GOS TO MOVE AWAY FROM ITS HEAVY INDUSTRY DEVELOPMENT STRATEGY TO A MORE BALANCED GROWTH WITH EQUITY STRATEGY. IN THAT REGARD, WE DO NOT SEE ADEQUATE ATTENTION TO THIS POINT ON PART OF IMF/IBRD; BANK PROJECTS CONTINUE TO SUPPORT INFRASTRUCTURE WITHOUT LEVERAGE ON EQUITY CONSIDERATIONS, DESPITE ITS OWN GENERAL STATEMENTS ON THE SUBJECT.

E. PERMSEC INDICATED SWAZIDEL LIKELY TO BE HEADED BY R.P. STEPHENS, MINISTER OF FINANCE, AND TO INCLUDE: JAMES NXUMALO, PERMSEC FOR PLANNING; EDWARD SIKHONDZE, PERMSEC FOR FINANCE; AND PRINCE PHIWOKWAKHE DLAMINI, ASSIST TO GOVERNOR OF MONETARY AUTHORITY LIMITED OFFICIAL USE

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OF SWAZILAND.

2. BANK'S ROLE IN PROMOTING POPULATION PROGRAMS HAS NOT BEEN AS ACTIVE AS THEIR STUDIES AND STATEMENTS MIGHT ASSUME; BILATERAL DONORS NEED INTERNATIONAL INSTITUTIONS TO APPLY EQUAL LEVERAGE FOR HOST COUNTRY POPULATION ACTION, IF BILATERAL DONORS ARE NOT TO BE VULNERABLY OUT IN FRONT OF THIS ISSUE. WE WOULD URGE USDEL TO URGE BANK TO TAKE MORE ACTIVE ROLE IN DISCUSSING THE HUMAN AND NATURAL RESOURCES BALANCE WITH HOST COUNTRIES WHEN DOING ANNUAL AND PROJECT APPRAISALS.

3. AID IS JOINING IBRD ON SEVERAL DEVELOPMENT PROJECTS IN SOUTHERN AFRICA WHERE IBRD HAS TAKEN INITIATIVE AND ANALYTICAL LEAD; WE ARE FINDING THAT IBRD MONITORING OF PROJECT IMPLEMENTATION LEAVES SOMETHING TO BE DESIRED; WE URGE USDEL TO DISCUSS MORE FREQUENT AND IN-DEPTH BANK EVALUATION OF ONGOING PROJECTS SUCH AS SWAZI RURAL DEVELOPMENT AREAS PROJECT.

DECONTROL SEPTEMBER 30, 1978.

WACHOB

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